

# MINNEAPOLIS CITY COUNCIL OFFICIAL PROCEEDINGS

## ADJOURNED SESSION OF THE REGULAR MEETING OF AUGUST 11, 2000 HELD AUGUST 14, 2000

(Published August 16, 2000, in *Finance and Commerce*)

Council Chamber

Minneapolis, Minnesota

August 14, 2000 - 11:00 a.m.

The Council met pursuant to adjournment.

President Cherryhomes in the Chair.

Present - Council Members Goodman, Colvin Roy, McDonald, Lane, Johnson, Thurber, Campbell, Biernat, Niland, President Cherryhomes.

Absent - Mead, Herron, Ostrow.

Campbell moved referral of petitions and communications and reports of the City officers to proper Council committees and departments. Seconded.

Adopted upon a voice vote.

### PETITIONS AND COMMUNICATIONS

#### **COMMUNITY DEVELOPMENT and WAYS & MEANS/BUDGET (See Rep):**

COMMUNITY DEVELOPMENT AGENCY, MINNEAPOLIS (MCDA) (266155)

Graco, Inc (Marshall St, 8th Ave NE, Mississippi River & Broadway St NE): Resolution adopting Graco Campus Expansion Redevelopment & Tax Increment Finance Plan; Modification No 75 to Common Development & Redevelopment & Common Tax Increment Finance Plan; Modification No 14 to St Anthony West Urban Renewal Plan; increase appropriation & related authorizations to accommodate Graco's relocation of corporate headquarters.

#### **ZONING AND PLANNING (See Rep):**

PLANNING COMMISSION/DEPARTMENT (266156)

Graco, Inc: Passage of Resolutions vacating portion of Sibley St NE & utility easements between Sibley St & Mississippi River to permit expansion of Graco Riverside Plant at 1016 Sibley St NE, with attached applications for vacations & related site plan review, conditional use permit, staff findings, maps, drawings, photos; Summary of Planning Commission action.

### REPORTS OF STANDING COMMITTEES

The **COMMUNITY DEVELOPMENT** and **WAYS & MEANS/BUDGET** Committees submitted the following report:

**Comm Dev & W&M/Budget** - Your Committee, having under consideration the Graco Campus Expansion Redevelopment and Tax Increment Finance Plan (dated July 14, 2000), Modification No 75 to the Common Development and Redevelopment Plan and Common Tax Increment Finance

Plan, and Modification No 14 to the St Anthony West Urban Renewal Plan, relating to the relocation of the Graco, Inc corporate headquarters located at Broadway and Marshall Aves in Northeast Minneapolis, and set forth in Petn No 266155, and having conducted a public hearing thereon, now recommends -

- a) Passage of the accompanying resolution adopting said Expansion Redevelopment Plan, Tax Increment Finance Plan and Modifications; and that summary publication of the same be approved;
- b) Establishment of a 2000 appropriation Fund CGC0 (Graco Campus Expansion) of \$670,000;
- c) Allocation of \$30,000 from the MILES Program to make the Local Contribution on behalf of the Graco Campus Expansion tax increment district;
- d) Passage of the accompanying resolution increasing the Minneapolis Community Development Agency (MCDA) appropriation in Fund SDA0 (Development Account) by \$30,000;
- e) That this action be transmitted to the Board of Commissioners of the MCDA.

Adopted. Yeas, 10; Nays none.

Absent - Mead, Herron, Ostrow.

Passed August 14, 2000.

Approved August 14, 2000. J. Cherryhomes, Acting Mayor.

Attest: M. Keefe, City Clerk.

Resolution 2000R-372, adopting the Graco Campus Expansion Redevelopment Plan and the Graco Campus Expansion Tax Increment Finance Plan; Modification No 14 to the St Anthony West Urban Renewal Plan, and Modification No 75 to the Common Development and Redevelopment and Common Tax Increment Finance Plan, all for the relocation of the Graco, Inc corporate headquarters, was passed August 14, 2000 by the City Council and approved August 14, 2000 by the Acting Mayor. A complete copy of this resolution is available for public inspection in the office of the City Clerk.

The following is the complete text of the unpublished summarized resolution.

## **RESOLUTION 2000R-372**

**By Niland and Campbell**

**Adopting the Graco Campus Expansion Redevelopment Plan and the Graco Campus Expansion Tax Increment Finance Plan; Modification No 14 to the St Anthony West Urban Renewal Plan, and Modification No 75 to the Common Development and Redevelopment and Common Tax Increment Finance Plan.**

Resolved by The City Council of The City of Minneapolis:

### **Section 1. Recitals.**

1.1. Pursuant to Laws of Minnesota 1980, Chapter 595, as amended, and the Minneapolis Code of Ordinances, Chapter 422, as amended (the "Agency Laws") the Housing and Redevelopment Authority in and for the City of Minneapolis has been reorganized, granted additional powers, and designated the Minneapolis Community Development Agency (the "Agency") with the authority to propose and implement redevelopment projects and tax increment financing ("TIF") districts, among other things, all pursuant to Minnesota Statutes, Sections 469.001 to 469.068, 469.109 to 469.134, 469.152 to 469.165, and 469.174 through 469.179 as amended.

1.2. It has been proposed that the Agency prepare the Graco Campus Expansion Redevelopment Plan and the Graco Campus Expansion TIF Plan (the "Plans") to provide the legal authority for the creation of a new redevelopment project, and a new TIF district, which Plans establish redevelopment objectives, designate project boundaries and identify land uses and a budget for expenditures, all pursuant to and in accordance with Minnesota Statutes, Sections 469.001 through 469.047, and 469.174 through 469.179, as amended.

1.3. A portion of the geographic site of the Graco Campus Expansion Redevelopment Project remains within the existing St. Anthony West Urban Renewal Project Area, dated December 20,

1963, and subsequently amended, however, the current boundary of the St. Anthony West tax increment financing district is changed to reflect the decertification and deletion of two parcels that are described in Modification No. 14; furthermore, the Graco Campus Expansion Redevelopment Project (the "Redevelopment Project") is a freestanding Redevelopment Project, and the new Redevelopment Project Area and TIF District are not being incorporated into the Common Project and therefore will not be subject to the existing Common Project obligations and commitments.

1.4. The Agency has prepared, and this Council has examined the proposed Plans that describe more precisely the activities to be undertaken, the public costs, the designation of the project area, objectives for the redevelopment of the project area, including land uses for the redevelopment of the project area, a budget for expenditures, and the facts supporting the Plans. The Council has reviewed the legal authorization to establish a new TIF District for this Redevelopment Project, and to authorize public redevelopment activities and expenditures necessary to assist this project. Anticipated public redevelopment activities include demolition, pollution abatement, geotechnical soil corrections and storm water retention systems, site preparation and development, public infrastructure and public improvements, and project administration, all pursuant to and in accordance with Minnesota Statutes, Sections 469.001 through 469.047, and 469.174 through 469.179 as amended.

1.5. The Agency and the City have performed all actions required by law to be performed prior to the adoption of the Plans, including, but not limited to, a review of the proposed Plans by the affected neighborhood groups and the Planning Commission, transmittal of the proposed Plans to the Hennepin County Board of Commissioners and the School Board of Special School District No 1 for their review and comment, and the holding of a public hearing after published and mailed notice as required by law.

1.6. The Graco Campus Expansion Redevelopment TIF District is being established within and under the authority of the Graco Campus Expansion Redevelopment Project.

**Section 2. Findings for the Adoption of the Plans.**

2.1. The Council hereby finds, determines and declares that the Plans will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the redevelopment of the Project Area and TIF District by private enterprise as the proposed redevelopment removes blight, remediates pollution, increases the city's tax base, retains jobs and provides a significant net increase in employment.

2.2. The Council further finds, determines and declares that the Plans conform to the general plan for the development or redevelopment of the City as a whole. Written comments of the Planning Commission with respect to the Plans were issued, are incorporated herein by reference, and are on file in the office of the City Clerk.

2.3. The Council further finds, determines and declares that the proposed redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and the use of tax increment financing is deemed necessary because the land in the project area would not be made available for redevelopment without the financial aid to be sought. The consolidation, redevelopment and expansion through private redevelopment of the property included in the TIF District could not occur without public participation and financial assistance because in addition to utility relocations, both geotechnical soil correction and public improvements for storm water retention will be necessary to address the poor soil conditions, and make the site buildable. Further, demolition of the main plant will necessitate asbestos abatement and other pollution remediation efforts due to the age and condition of the structure. Because the main plant must remain in operation during the construction of the replacement facility, additional site preparation and utility relocations are necessary to allow redevelopment and retention of the main plant capacity on the geographically constrained Graco Northeast campus. Further, significant extraordinary costs and disruptions are likely to be incurred by Graco for development and redevelopment at the site that would not be incurred at a "greenfield" location. These costs include complex staging requirements to maintain continuous operations in existing facilities, utility relocations, geotechnical soil correction to produce a buildable site, demolition of existing structures, pollution abatement, construction of streetscaping and public improvements to meet an urban neighborhood standard, and relocation and replacement of existing parking.

The extraordinary costs associated with redevelopment and intensification of land uses on the landlocked Graco NE Minneapolis campus when combined with Graco Inc.'s need to maintain continuous operations, enabled the Agency and the City to conclude that the development activities that are described herein could not occur without public redevelopment assistance. Impediments to redevelopment include the cost of public improvements and utility relocations, geotechnical soil corrections and storm water retention systems to provide a buildable site adjacent to the Mississippi River, demolition of the obsolete main plant, asbestos abatement, pollution remediation and other site preparation. Relocating and preserving adequate employee parking on an interim and permanent basis during the development process is also a major challenge. The Agency and the City have determined that the private redevelopment of the property included in the TIF District could not occur without public participation and financial assistance within the foreseeable future.

Further, the increased market value of the Project Area that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the Plans.

2.4. The Council further finds, determines and declares that the property to be included in the Project Area consists of property that qualifies for inclusion in a Redevelopment Project and a Redevelopment TIF District pursuant to Minnesota Statutes, Section 469.174, Subdivision 10. The property contains five improved tax parcels, and adjacent streets and alleys. The area within the TIF district is fully developed or improved with either buildings (two tax parcels) or employee surface parking lots (three tax parcels) and associated campus landscaping. These parcels encompass approximately 25 acres of land. There are a total of four buildings on the two tax parcels that contain structures. The structures constitute two discrete manufacturing complexes. The Main Plant parcel contains three original buildings and a series of building expansions that have joined the original discrete structures into a single manufacturing complex. The buildings were constructed and expanded numerous times from 1915 to 1972. The three structures that comprise the main components of the Main Plant complex are all structurally substandard. Inspection findings detailing the deficiencies in these buildings are included in Exhibit 3 of the TIF Plan.

Further, 100% of the area in the proposed TIF district consists of parcels that are occupied by buildings or improvements (5 of 5). 75% of the buildings are structurally substandard to a degree requiring substantial renovation or clearance. It is estimated that the cost to modify the buildings to satisfy the building code would be 28% of the cost of constructing a new structure of the same size and type on this site. The buildings are found to be structurally substandard because they are in need of major repair, are physically or functionally obsolete, are not feasible to rehabilitate, contain inadequate original construction, lack essential utilities or facilities, show evidence of fire or other damage, contain lead in paint and plumbing system, are characterized by inadequate ventilation, are characterized by the presence of asbestos, contain deteriorating siding, contain evidence of leaking roof, and other deteriorated elements and items, and the reasons and supporting facts for these determinations are retained and available from the Agency.

2.5. The Council further finds, determines and declares that the objectives and actions authorized by the Plans are all pursuant to and in accordance with Minnesota Statutes, Sections 469.001 through 469.047, and Sections 469.174 through 469.179, as amended.

2.6. The City elects to exempt the Graco Campus Expansion TIF District from the LGA/HACA penalty by making a qualifying local contribution to the payment of project costs from eligible local revenue sources contributed to the project by the Agency (as specified in the Department of Revenue Guidelines for Local Contributions). It is projected that the source of the local contributions will be eligible MCDA development account funds, state and regional pollution or redevelopment grant funds, City capital improvement project funds, or other sources not yet identified.

2.7. The Council further finds, determines and declares that the municipality elects the method of tax increment computation set forth in Minnesota Statutes, Section 469.177, Subdivision 3(a), and that it is the intent of the City and Agency that any fiscal disparity contribution required of the City for development occurring within this TIF District be taken from outside this TIF District.

2.8. The Council further finds, determines and declares that it is necessary and in the best interests of the City at this time to approve the Plans.

**Section 3. Approval of the Plans; Creation of Project and TIF District.**

3.1. Based upon the findings set forth in Section 2 hereof, the Plans presented to the Council on this date are hereby approved and shall be placed on file in the office of the City Clerk.

3.2. Based upon the findings set forth in Section 2 hereof, the Graco Campus Expansion Redevelopment Project is hereby created and established.

3.3. Based upon the findings set forth in Section 2 hereof, the Graco Campus Expansion TIF District is hereby created and established.

3.4. Based upon the findings set forth in Section 2 hereof, Modification No 14 to the St. Anthony West Urban Renewal Plan is hereby approved.

3.5. Based upon the findings set forth in Section 2 hereof, Modification No 75 to the Common Plans is hereby approved.

**Section 4. Implementation of the Plans.**

4.1. The officers and staff of the City and the Agency, and the City's and the Agency's consultants and counsel, are authorized and directed to proceed with the implementation of the Plans, and for this purpose to negotiate, draft, prepare and present to this Council for its consideration, as appropriate, all further plans, resolutions, documents and contracts necessary for this purpose.

Adopted. Yeas, 10; Nays none.

Absent - Mead, Herron, Ostrow.

Passed August 14, 2000. J. Cherryhomes, President of Council.

Approved August 14, 2000. J. Cherryhomes, Acting Mayor.

Attest: M. Keefe, City Clerk.

**RESOLUTION 2000R-373**

**By Niland and Campbell**

**Amending The 2000 Minneapolis Community Development Agency Appropriation Resolution.**

Resolved by The City Council of The City of Minneapolis:

That the above-entitled resolution, as amended, be further amended as follows:

a) Establishing a 2000 appropriation in Fund CGC0 - Graco Campus Expansion of \$670,000 from available fund balance;

b) Increasing the appropriation in Fund SDA0 - Development Account by \$30,000 from available fund balance.

Adopted. Yeas, 10; Nays none.

Absent - Mead, Herron, Ostrow.

Passed August 14, 2000. J. Cherryhomes, President of Council.

Approved August 14, 2000. J. Cherryhomes, Acting Mayor.

Attest: M. Keefe, City Clerk.

The **ZONING & PLANNING** Committee submitted the following report:

**Z&P** - Your Committee, having under consideration the following applications of Graco, Inc:

Vac #1328 to vacate Sibley St NE between 11th Av NE and the southerly edge of the overpass bridge for Broadway St NE; and

Vac #1330 to vacate the utility easements lying between Sibley St NE and the easterly bank of the Mississippi River;

to permit a 165,000 sq ft expansion of the Graco Riverside Plant at 1016 Sibley St NE for manufacturing, distribution and office space, now recommends adoption of the related findings set forth in Petn No 266156; approval of Vac #1328 subject to retention of easements by Northern States Power and Minnegasco, and any necessary Public Works requirements such as a bridge maintenance easement and a cul-de-sac at the north end of Sibley St; and approval of Vac #1330.

Your Committee further recommends passage of the accompanying resolutions vacating said street and utility easements, and summary publication of same.

Adopted. Yeas, 10; Nays none.

Absent - Mead, Herron, Ostrow.

Passed August 14, 2000.

Approved 14, 2000. J. Cherryhomes, Acting Mayor.

Attest: M. Keefe, City Clerk.

Resolution 2000R-374, entitled "Vacating Sibley Street Northeast between 11th Avenue Northeast and the southerly edge of the overpass bridge for Broadway Street Northeast. (Vac #1328)," was passed August 14, 2000 by the City Council and approved August 14, 2000 by the Acting Mayor. A complete copy of this resolution is available for public inspection in the office of the City Clerk.

The following is the complete text of the unpublished summarized resolution.

**RESOLUTION 2000R-374**

**By McDonald**

**Vacating Sibley Street Northeast between 11th Avenue Northeast and the southerly edge of the overpass bridge for Broadway Street Northeast. (Vac #1328)**

Resolved by The City Council of The City of Minneapolis:

That all that part of Sibley Street Northeast that lies between the southeasterly extension of the northerly line of Block 4, Goldsmiths Addition to St Anthony and the easterly extension of the south line of Lot 1, Block 26, Bottineau's Addition is hereby vacated except that such vacation shall not affect the existing easement right and authority of NSP, Minnegasco and the City of Minneapolis, their successors and assigns, to enter upon that portion of the aforescribed street which is described in regard to each of said corporations as follows, to wit:

As to NSP: All of the to be vacated street.

As to Minnegasco: The easterly half of the to be vacated street.

As to the City of Minneapolis: Storm and Sanitary Sewer Easement:

Over, under and across the west 33 feet and the west 15 feet of the east 33 feet of that part of Sibley Street Northeast which lies between the southeasterly extension of the northerly line of Block 4, Goldsmiths Addition to St Anthony and the easterly extension of the southerly line of Lot 1, Block 4, Goldsmiths Addition to St Anthony.

Over, under and across the east 5 feet of the west 33 feet and the west 15 feet of the east 33 feet of that part of Sibley Street Northeast which lies between the easterly extension of the south line of Lot 1, Block 4, Goldsmith's Addition to St Anthony and the easterly extension of the south line of Lot 1, Block 26, Bottineau's Addition.

to operate, maintain, repair, alter, inspect or remove its above-described utility facilities, and said easement right and authority is hereby expressly reserved to each of the above-named corporations and the City of Minneapolis, and no other person or corporation shall have the right to fill, excavate, erect buildings or other structures, plant trees or perform any act which would interfere with or obstruct access to said street upon or within the above-described areas without first obtaining the written approval of the corporations and the Director of Public Works of the City of Minneapolis having utility facilities located within the area involved authorizing them to do so.

Where the area described above in regard to any of the other corporations, or any part thereof lies within the area described above in regard to the City of Minneapolis, the rights reserved to the other corporation or corporations shall be subordinate to the rights reserved to the City of Minneapolis to the same extent that said rights would be subordinate if this street had not been vacated.

Adopted. Yeas, 10; Nays none.

Absent - Mead, Herron, Ostrow.

Passed August 14, 2000. J. Cherryhomes, President of Council.

Approved 14, 2000. J. Cherryhomes, Acting Mayor.

Attest: M. Keefe, City Clerk.

Resolution 2000R-375, entitled "Vacating the utility easements lying between Sibley Street Northeast and the Easterly bank of the Mississippi River. (Vac #1330)," was passed August 14, 2000 by the City Council and approved August 14, 2000 by the Acting Mayor. A complete copy of this resolution is available for public inspection in the office of the City Clerk.

The following is the complete text of the unpublished summarized resolution.

**RESOLUTION 2000R-375**

**By McDonald**

**Vacating the utility easements lying between Sibley Street Northeast and the Easterly bank of the Mississippi River. (Vac #1330)**

Resolved by The City Council of The City of Minneapolis:

That all that part of:

12th Avenue Northeast, originally dedicated as St. Mary's Street in the plat of Bottineau's Addition, and heretofore vacated, lying between the Southwesterly line of Sibley Street Northeast and the Northeasterly line of Water Street Northeast, according to the plat of said addition on file or of record in the office of the Register of Deeds in and for Hennepin County, Minnesota. Partially released by Quit Claim Deed dated July 26, 1978, filed August 28, 1978 in the office of the Registrar of Titles, Hennepin County, Minnesota, as Document No. 1290681.

Lots 1, 2 and 3, Block 4, Goldsmith's Addition to St. Anthony and of Lots 1 and 3, Block 25, Bottineau's Addition, which lies Southeasterly of a line drawn 11.0 feet Northwesterly of, measured at a right angle to and parallel with the southeasterly line of said Lots 1 and 3, Block 25, Bottineau's Addition and its extensions.

Lot 3, Section 15, Township 29 North, Range 24 West of the Fourth Principal Meridian which lies Southwesterly of Water Street, Northwesterly of the Southwesterly extension of the Northwesterly line of the Southeasterly 33.00 feet of vacated 12th Ave. Northeast, originally dedicated as St. Mary's Street in the plat of Bottineau's Addition, and Southeasterly of a line drawn 11.00 feet Northwesterly of, measured at a right angle to and parallel with the southeasterly line of said Lots 1 and 3, Block 25, Bottineau's Addition and its extensions.

That portion of Water Street Northeast, vacated, situate in the City of Minneapolis, County of Hennepin, State of Minnesota lying Northerly of the Northerly line of Eleventh Ave. Northeast. Partially released by Quit Claim Deed dated July 26, 1978, filed August 28, 1978 in the office of the Registrar of Titles, Hennepin County, Minnesota, as Document No. 1290681 is hereby vacated.

Adopted. Yeas, 10; Nays none.

Absent - Mead, Herron, Ostrow.

**AUGUST 14, 2000**

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Passed August 14, 2000. J. Cherryhomes, President of Council.

Approved 14, 2000. J. Cherryhomes, Acting Mayor.

Attest: M. Kefe, City Clerk.

Hearing no objection, Cherryhomes adjourned the meeting to 1:15 p.m. on this date in Room 315 City Hall for the purpose of consideration of the *Dorothy I. Feist vs. Bradley Jon Simonson* lawsuit.

MERRY KEEFE, City Clerk

Created 8/15/2000, Modified 8/16/2000